NORWAY

In 1998, the U.S. trade deficit with Norway was $1.2 billion, a decrease in the deficit of $851 million from the previous year. U.S. exports to Norway were $1.7 billion in 1998, virtually unchanged from 1997. Norway was the United States' 47th largest export market in 1998. U.S. imports from Norway totaled $2.9 billion in 1998, representing a decrease of $862 million from the level of imports in 1997. The fall in the level of imports is largely due to lower oil prices. The stock of U.S. foreign direct investment in Norway in 1997 was $6.3 billion, an increase of 8.2 percent from 1996. Such investment is concentrated largely in the petroleum, manufacturing, and wholesale sectors.

Overview

Norway is a member of the European economic area (EEA) which consists of the EU member countries together with Norway, Iceland, and Liechtenstein. Inside the EEA but outside the EU, Norway has assumed most of the rights and obligations of the EU but has limited ability to influence EU decisions.

While Norway has its own tariff system, U.S. exports face most of the same trade and investment barriers which limit U.S. access to the EU. Preferential tariff rates are granted to the EU and other EEA members. The most significant EEA non-tariff barriers affecting U.S. commercial interests in Norway concern labeling and the acceptance of biotech agricultural goods primarily related to genetically modified organisms and growth hormones.

The Norwegian government has completed much of the transition required under EEA obligations to comply with EU directives. However, adaptation is a constant process as new EU directives are required to be implemented in Norway by virtue of the EEA. The current minority coalition government, which assumed power in October 1997, has faced controversy with regard to some newer EU directives, but most directives are being adopted by the parliamentary opposition.

IMPORT POLICIES

Agricultural Tariffs

In July 1995, Norway accelerated its WTO implementation commitments for tariff reduction on agricultural commodities by immediately adopting the year 2000 bound tariff rate targets. Tariffication of agricultural non-tariff barriers under the Uruguay round has led to the replacement of quotas with higher product tariffs. Domestic agricultural shortages and price surges have been countered by temporary tariff reductions. Lack of predictability of tariff adjustments and insufficient advance notification (Generally only two to five days prior to implementation) have made imports from the united states of fruit, vegetables, and other perishable horticultural products substantially more difficult than under the previously existing import regime and favor nearby European suppliers.

Norway

STANDARDS, TESTING, LABLEING AND CERTIFICATION

Agricultural Product Standards

The Norwegian government follows the EU policy of banning the import of growth hormone-treated meat, including growth hormones approved in the united states for beef. In practice, the ban had minimal impact on U.S. beef imports into Norway since meat distributors had previously refused to buy hormone-treated beef based on concern that Norwegian consumers would reject it.

The government passed a law in October 1997 requiring the labeling of all products which contain a minimum of two percent material derived from a gene modified organism (GMO) source. The law requires labeling regardless of whether the gm trait is carried into the processed product. Some products appeared on the market in 1998 without the required labels.

There is strong opposition to GMO food products among Norwegian consumer organizations and retail groups, with the focus currently on GMO soy beans and derivative products. While the government has thus far refrained From banning such gm-commodity imports, market prospects are very limited if alternative non-GMO commodities products are available. The refusal of Norwegian food processors to buy soybeans which are not certified as "GMO-free" has resulted in U.S. soybean sales declining from a traditional level of about 250,000 tons annually until 1995 (before the appearance of GMO soybeans in the U.S. crop) to none in 1997. On the processed foods side, the Norwegian consumers' council, in cooperation with the large retail food chains has threatened periodically to boycott gm products.

Under the authority of Norway's 1993 gene technology act, the government may ban the import of GMO products based on a number of criteria. In addition to rejecting products on health and environmental risks (e.g., risk of development of antibiotic resistance), the government can also ban such products which are not "socially justifiable" and do not contribute to "sustainable development." These criteria apply regardless of the scientific merits of the product, including safety and effectiveness. The government has used the act selectively and applies a "precautionary policy," in which GMO products are generally banned if non-GMO alternatives are available. In practice, this has resulted in banning some GMO imports while granting exemptions for some locally produced GMO products.

In the pharmaceutical sector, for example, the government banned the import of certain products such as GMO rabies vaccines on the basis that the disease was not endemic to Norway and non-gm alternative pharmaceuticals were available. On the other hand, the government has granted local pharmaceutical manufacturers exemptions to produce GMO pharmaceuticals for the domestic and export markets.

The impact on U.S. exports of the government's selective banning of processed gm products is unclear and so far is limited to niche markets.

The market for U.S. processed foods is impeded significantly in Norway due to the Norwegian food authorities' restrictive practices concerning the import of processed foods which contain enrichment additives. While limited exceptions are granted on a case-by-case basis, the authority generally bans or restricts the distribution of foods which contain additives not essential to the product, regardless of whether the additives are beneficial. Examples include bakery mixes with enriched flour and cereals with vitamin additives.

An additional barrier for the U.S. processed food market is the requirement that importers complete a detailed agricultural raw materials declaration. Manufacturers have declined to provide the information out of concern that is would require releasing proprietary information.

Application of Safety Certification Standards

In 1996, the Norwegian Maritime Directorate (NMD) instructed the Norwegian maritime community to discontinue use of emergency survival suits produced by a leading U.S. manufacturer and approved by the U.S. coast guard. The NMD's action was based on Norway's interpretation of the international maritime organization's (IMO's) certification and testing guidelines. The NMD and the U.S. manufacturer resolved this issue in 1998.

LACK OF INTELLECTUAL PROPERTY PROTECTION

Under its EEA obligations, Norway must allow parallel imports from EEA countries but may permit or ban parallel imports on a selective basis from elsewhere. Parallel imports of cd recordings from non-EEA countries are banned under a 1993 law. A proposal to repeal this ban failed in 1998.

INVESTMENT BARRIERS

Norway has actively participated in the negotiations on the organization for economic cooperation and development (OECD) multilateral agreement on investment. In 1995, in accordance with EEA national treatment directives, the Norwegian government changed the rules governing foreign investment in industrial companies. Under the new system, foreign investors no longer need To obtain a government concession before buying limited shares of large Norwegian corporations. However, both foreign and Norwegian investors are still required to notify the government when their ownership in a large company (meeting certain size criteria) exceeds specific threshold levels of 33 percent, 50 percent and 67 percent. The Norwegian government then can take action if the purchase is considered contrary to national interests, which could include objectives such as maintaining high employment and providing some market protection to existing business against new market entrants.

There are no formal, standardized performance requirements imposed on foreign investors. In the offshore petroleum sector, Norwegian authorities encourage the use of Norwegian goods and services. The Norwegian share of the total supply of goods and services to the offshore petroleum sector has been about 50 to 60 percent over the last decade.

In the past, the Norwegian government has shown a strong preference to the three Norwegian oil companies in awarding the most promising oil and gas blocks. In 1995, however, the government implemented an EU directive requiring equal treatment of EEA oil and gas companies. American oil companies competing in the 15 concession round (completed in 1996) agree generally that they were treated on an equal basis with the Norwegian companies.

Financial Sector

In December 1997, the government agreed to all elements of the WTO financial services agreement (the fifth protocol to the gats) with the exception of limiting the establishment of cross-border insurance operations to companies authorized specifically to operate in Norway. No additional implementation measures were required since the government's earlier implementation of the Second protocol to the gats, the EEA accords and the EU's second banking directive removed many financial sector barriers for EU and efta member countries. Recent deregulation of financial markets appears to have eliminated nearly all of the barriers facing U.S. financial institutions seeking to operate in Norway.

Without an exemption from the ministry of finance due to special circumstances, no single or coordinated group of investors, Norwegian or foreign, may purchase more than ten percent of the equity of an insurance company, commercial bank or savings bank. In order for one or more foreign banks to establish a new Norwegian bank, one of the foreign banking partners must own more than 50 percent of the equity in the new bank. Without an exemption from the ministry of trade and industry, half of the members of the board and half the members of the corporate assembly of a financial institution must be permanent residents of Norway or citizens of a state within the European economic area, when residing in such a state.

Lack of government/authority action against anti-competitive practices of state-owned and private firms that restrict the sale of U.S. products and services

For most sales of pharmaceuticals to hospitals, companies are required to sell to a purchasing organization (the "lis") which is tantamount to a monopsony as the lis buys on behalf of approximately 80 percent of the hospitals in Norway. This structure has a negative impact on the ability of all pharmaceutical companies, including American firms, to sell in a competitive market. The Norwegian association of pharmaceutical manufacturers (which includes American firms) has also complained about Norway's implementation of an EU directive on transparency of measures regulating the pricing of medicinal products for human use and their inclusion in the scope of national health insurance systems. Legal actions challenging both of these practices have been filed with the efta surveillance authority in brussels.

OTHER BARRIERS

Telecommunications equipment

On January 1, 1998, Norway fully liberalized its telecom services market to comply with its WTO commitments. This ended the effective monopoly of Telenor (the state-owned telecom company) on fixed line voice services, infrastructure, and telex services. Equipment which has not been tested and certified under The European economic area's common technical regulations must be type approved by the Norwegian telecommunications authority. The Norwegian government has indicated that under normal procedures this takes about six weeks. In the past, American companies have reported that this type approval is slow and costly for companies offering new products. Norwegian authorities Met with U.S. officials in Washington in 1998 to recommend negotiating mutual recognition agreements similar to those negotiated between the united states and the EU on a number of regulated products.